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A Different Business Model

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Italian Market Business Survey

Method

- Systematic survey of businesses in the Italian Market



2015 Italian Market Survey for Businesses
This Survey is voluntary and all answers will be kept confidential. Your feedback is very valuable to help us better understand the needs of the Italian Market business community. This questionnaire should take about 10 minutes of your time to complete.

PART 1: BUSINESS OWNER/MANAGER INFORMATION

1. Where were you born?

City: _____

Country: _____

2. What is your race/ethnicity?

a. Non-Hispanic White

b. Black or African-American

c. Latino or Hispanic

d. Asian or Asian American

e. Other, please list: _____

PART 2: BUSINESS INFORMATION

3. What type of business do you own?

a. Grocery store

b. Convenience store

c. Discount store

d. Restaurant

e. Wholesale

f. Other, please list: _____

4. Does your business offer any other types of services? (If yes, please list) _____

5. What are your business' hours of operation? _____

6. Do you rent or own the property where the business is located?

a. Own

b. Rent

If you rent, what was the starting rent when you established the business? _____

7. How long have you owned this business? _____

8. Why did you choose to start your own business?

a. Independence/self-employment

b. Family Business

c. Previous Experience/skillset

d. Earn More Money

e. Other: _____

9. Why did you choose to open your business at this location?

a. Italian Market is well known

b. Tourism

c. Residents

d. Lives close by

e. Inexpensive

f. Access to wholesale products

g. Safety

h. Other: _____

10. What would you say are the most significant ADVANTAGES of your business location?

a. Italian Market is well known

b. Tourism

c. Foot traffic

d. Immigrant Population/Diversity

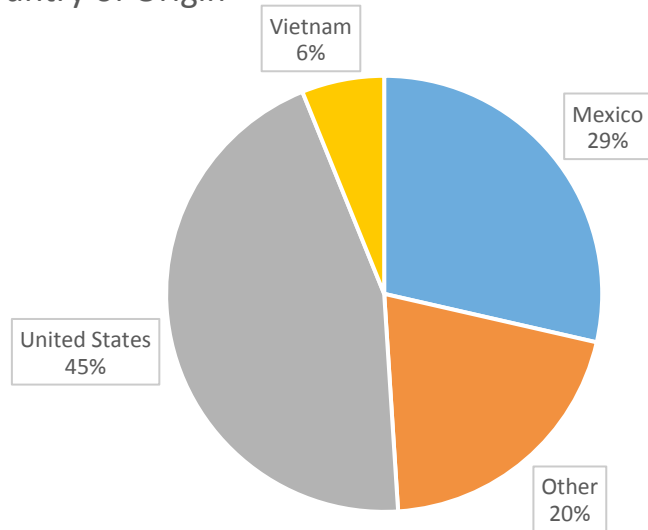
f. Barrio

g. Other: _____

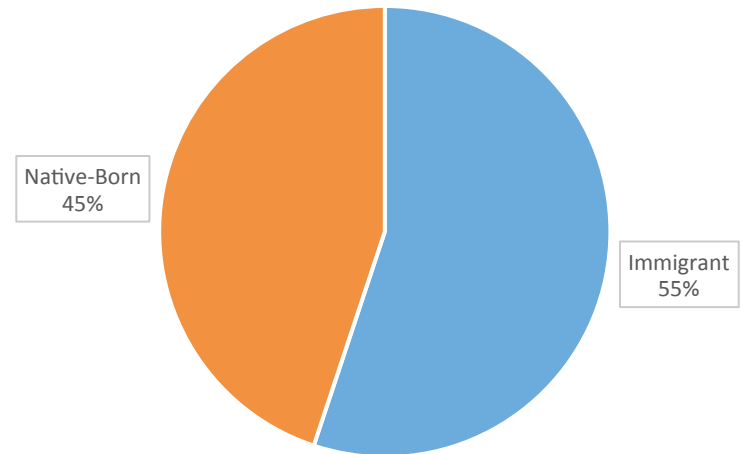
22. ¿Ha tenido problemas con las autoridades de licencias? Si la respuesta es si, por favor explique.

Business Owners

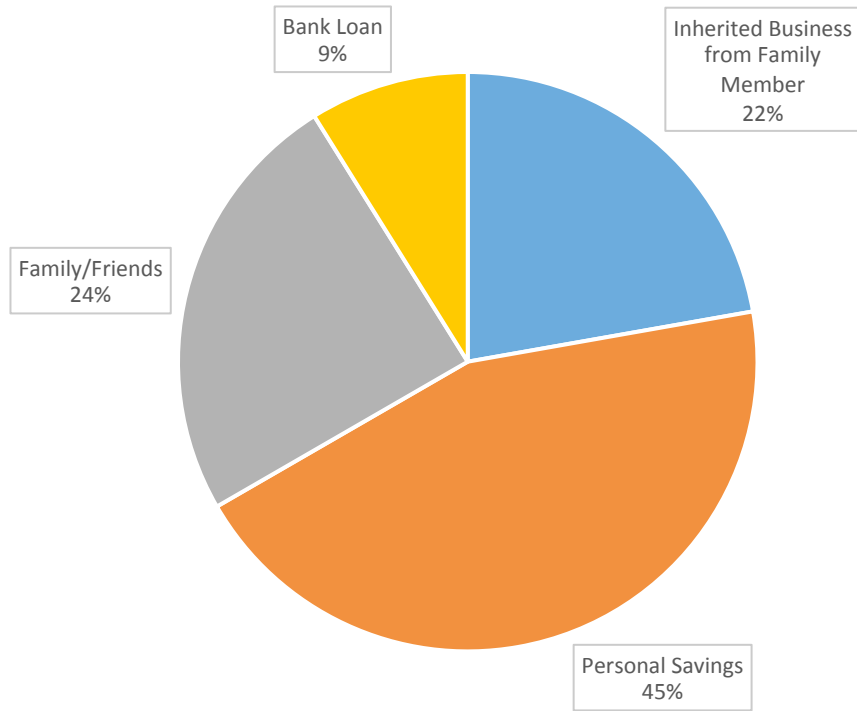
Country of Origin



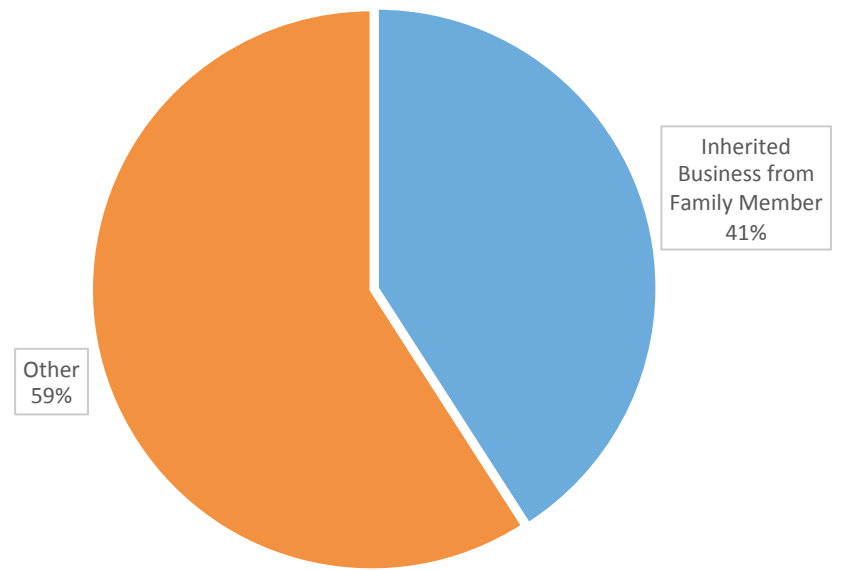
Native-Born and Immigrant Composition



With and Without Start-Up Costs



Native-Born Businesses

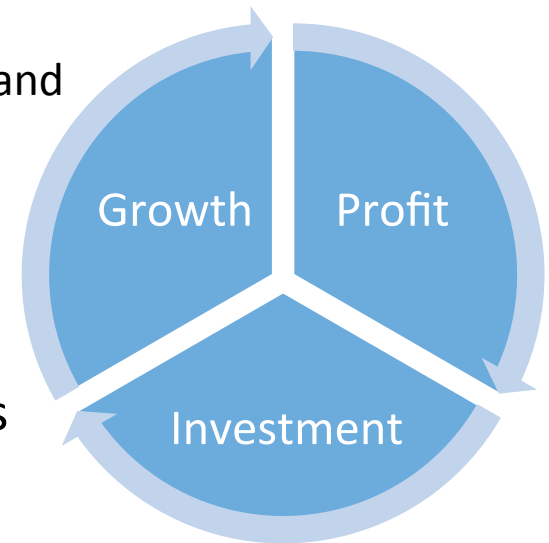


Immigrant-Owned Businesses and Start-Up Capital

Claire Greenberg

Economic Model of Revitalization

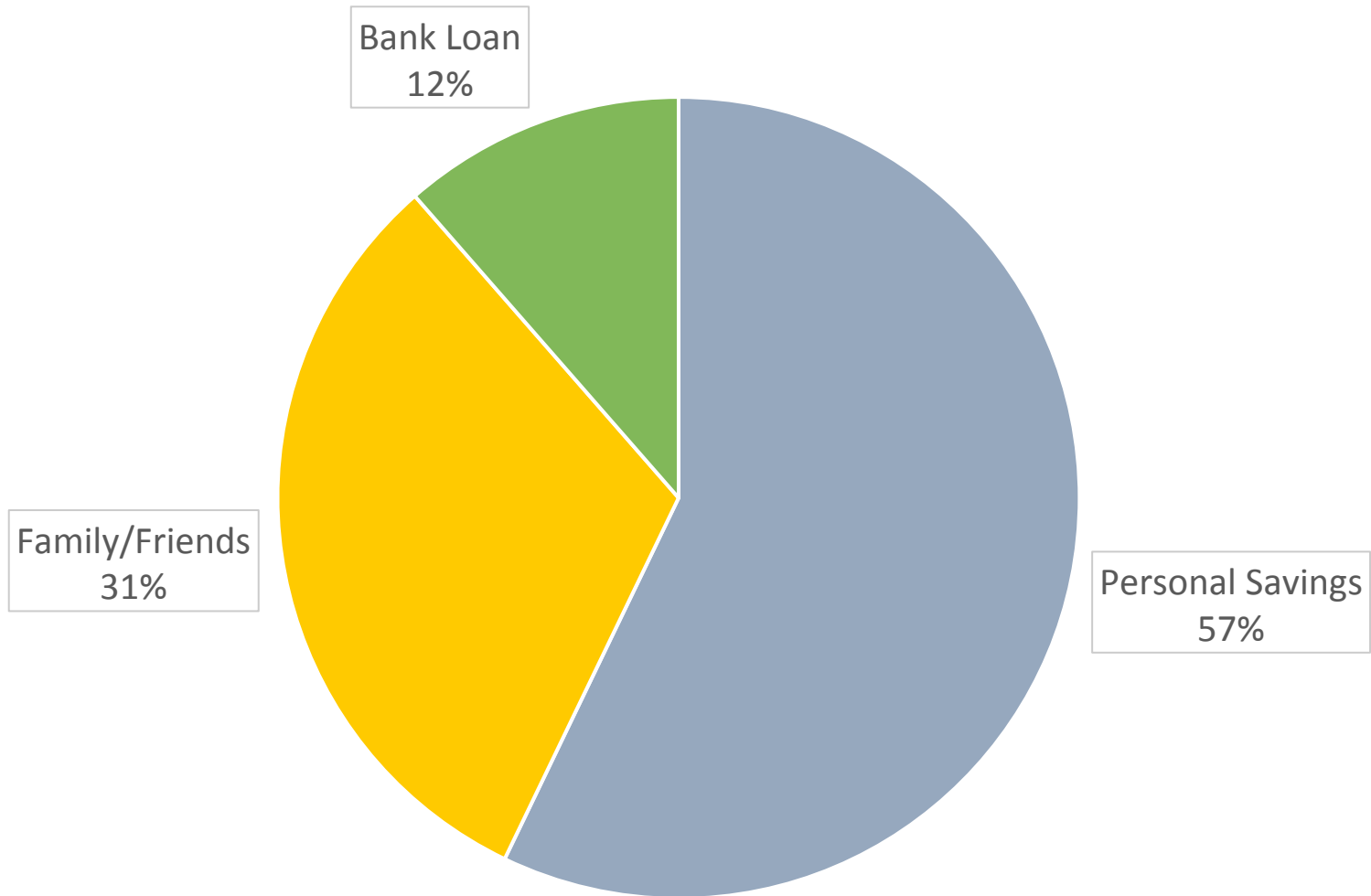
- Economic Growth Model
 - Growth is an increase in the market value of goods and services
- Growth is powered by profit
 - Increased output results in greater profit
 - Profit allows for reinvestment
- Models for increasing growth identify industries and markets that have potential for growth to invest in
- Identifying potential areas for growth
 - Human capital
 - Identifiable market
 - Low Barriers to Entry



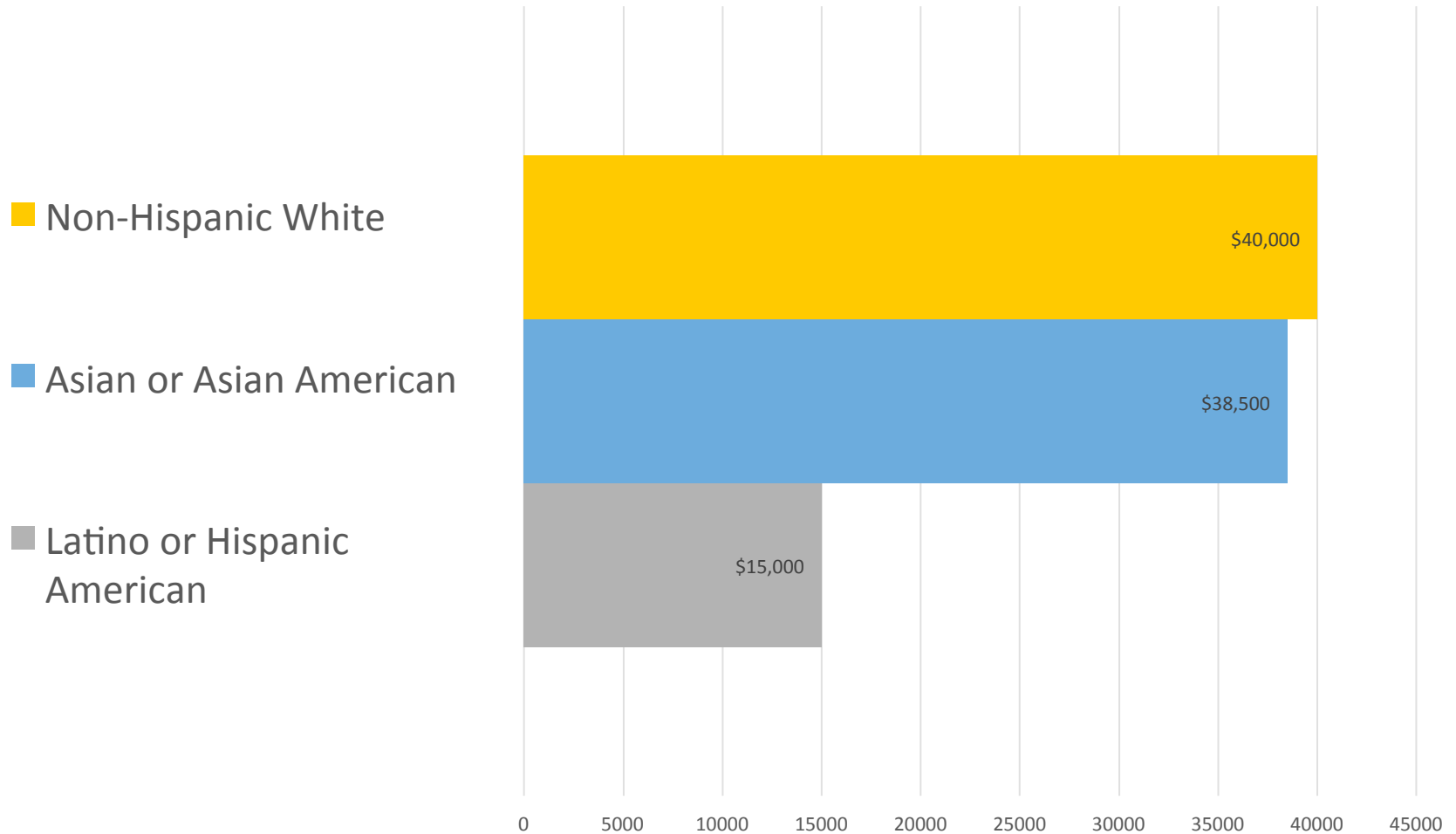
Survey Expectations and Goals

- Immigrant and minority business owners would have reduced access to bank loans.
 - Leading to an increased prevalence of Rotating-Credit Associations
- Immigrants and minority business owners would be less capitalized. Thus, these businesses would operate at a lower cost.
- Businesses owned by native-born would be more profitable, but immigrant-owned businesses would have a **quantifiable economic impact**.

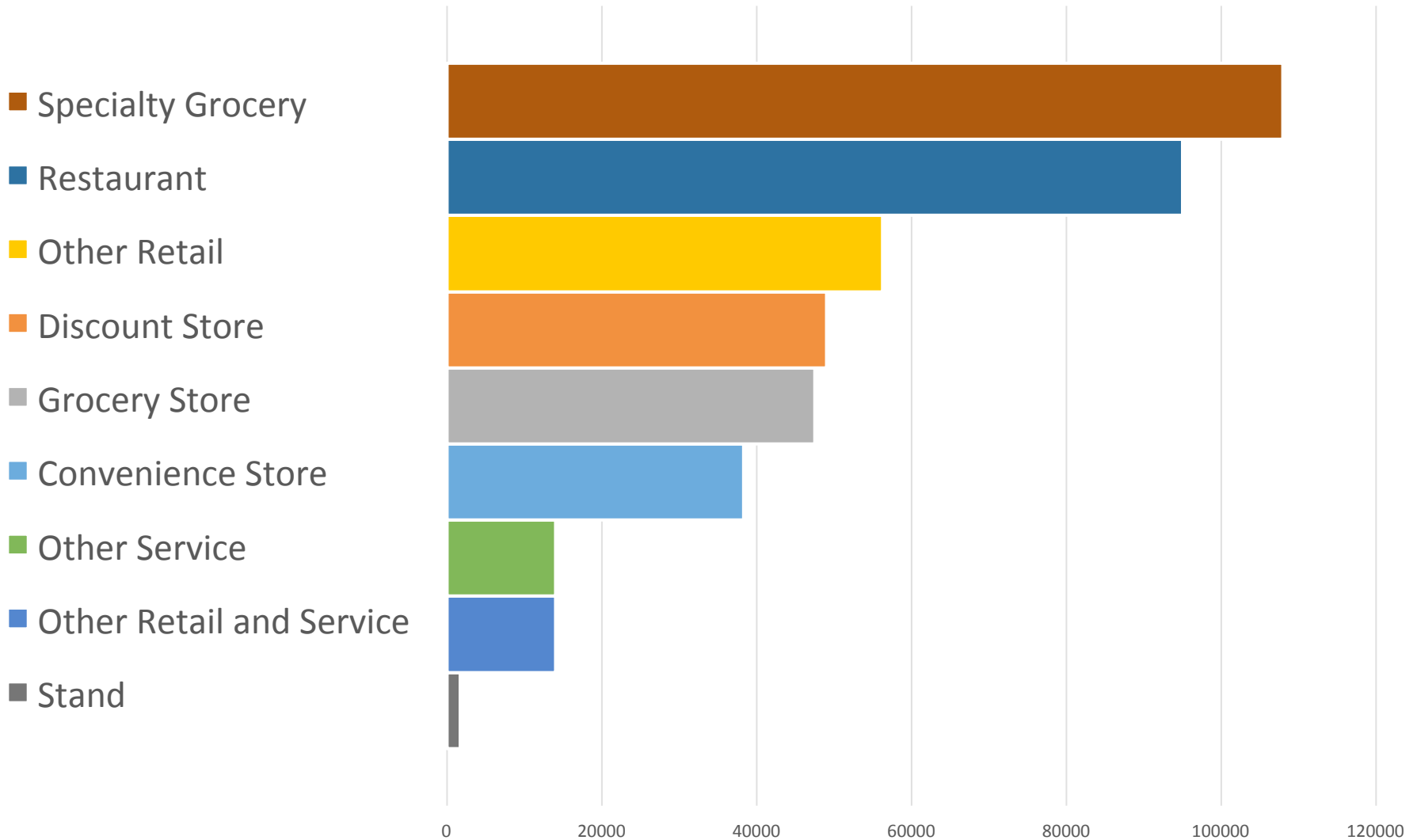
Source of Start-Up Capital



Median Start-Up Cost by Race/ Ethnicity



Mean Start-Up Cost by Business Type



Barriers to Entry for Immigrants

1. Higher Start-Up Costs
2. Specialized skills
3. Lack of Connections

Effects of Barriers to Entry on Immigrant Businesses

- Lead to Limited Types of Businesses
 - Duplication
 - Target One Immigrant Population
- Creates a Highly Competitive Market of Certain Business Types
 - Convenience / Grocery Stores
 - Ethnic Restaurants

The Profit Question: A Typical Response

1. Would you characterize your business as profitable?

-Yes

2. How long did it take for your business to have a positive net profit?

-It doesn't

A Different Model

1. Breaking-even is a primary concern
2. Opportunity cost is considered to be zero
3. Goal of business ownership is steady earnings, not growth
4. Shutting-down is not seen as an option

Steady Earnings as a Goal of Immigrant Business Ownership

- Barriers to enter the labor market
 - Undocumented status
 - Language barriers
 - Unskilled
 - Unaware of job opportunities
 - Low wages and little to no benefits
- Business owner aims at earning a steady wage

Implications: Shifting the Discussion

- Immigrant businesses are not oriented towards a profit model
 - Starting a business is an alternative to employment
 - Profit is unlikely in a highly-competitive market
- Bank loans are not used by immigrants
 - Low or no credit
 - High interest rates make them risky
- Opportunity for upward economic mobility may not be possible for most immigrants

Importance of the Viability of Immigrant-Owned Businesses

- The Italian Market is economically and socially revitalized because of the immigrant business population
- The Economic Growth Model cannot effectively identify revitalized urban areas
 - Urban Revitalization is not directly correlated to Economic Profit
- Our conception of economic revitalization needs to be separated from profit
- The Italian Market's continued revitalization is dependent on businesses remaining in the market